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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, July 25

NIKKEI (Page 2) (Full)
July 26, 2009

09:58 Attended the Summer Conference 2009, held at the Pacifico Yokohama by the Junior Chamber of International Japan.
11:23 Had a photo shoot for the LDP poster at the Dentsu photo studio in Higashi-shimbashi, in the presence of the Aichi Public Relations bureau chief.
14:10 Returned to his official residential quarters.
15:56 Departed from JR Tokyo Station on Hayate 25.
17:36 Arrived at JR Sendai Station.
17:51 Met Miyagi Gov. Murai, LDP Miyagi chapter chairman Doi and others at the Koyo Grand Hotel in Sendai.
18:01 Attended the LDP Miyagi chapter's political and economic seminar.
19:26 Departed from JR Sendai Station on Hayate 28.
21:07 Arrived at JR Tokyo Station.
21:23 Returned to his official residential quarters.

Prime Minister's schedule, July 26

NIKKEI (Page 2) (Full)
July 27, 2009

09:04 Took a walk around his official residence.
11:34 Arrived at Haneda Airport.
11:45 Had a telephone conversation with Yamaguchi Gov. Nii in the presence of Chief Cabinet Secretary Kawamura and others.
12:55 Returned to his official residence.

4) Roos stresses bilateral cooperation to tackle key issues

YOMIURI (Page 6) (Full)
July 25, 2009

Satoshi Ogawa, Washington

John Roos, 54, who has been nominated by U.S. President Obama as the next U.S. ambassador to Japan, underwent a confirmation hearing by the Senate Foreign Relations Committee on July 23. In it, he indicated that he would make efforts to strengthen and expand bilateral cooperative relations between Japan and the United States. "In addition to security issues in Iraq and Afghanistan, I would like to work together with Japan on global issues like climate change and energy security," Roos stated before the committee.

In Japan, the House of Representatives has now been dissolved for a general election. In the forthcoming election, the Democratic Party of Japan (Minshuto) will likely gain more public support. Roos voiced concern to a certain extent about the fact that the DPJ has

been upholding policies differing from the Liberal Democratic Party's policies when it comes to such issues as Japan's burden sharing for the cost of stationing U.S. forces in Japan and the Maritime Self-Defense Force's refueling activities in the Indian Ocean. "I believe that its policies will gradually change," Roos stated.

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Roos is regarded as having no experience at all in foreign affairs and security issues before his nomination as envoy to Japan. As if to rebut concerns voiced over his lack of experience in the diplomatic area, Roos indicated that he would do his job as ambassador to Japan drawing on the embassy's experts, stating: "As a law firm's chief executive officer, I have learned how to manage and control organizations, including a big and complicated one. The important thing is to listen to the opinions of others and accept new ideas and consult with experts before making important decisions." His designation is expected to be confirmed next week by the committee and then by the Senate in its plenary session. Roos will arrive at his Japan post in August.

5) Main points from next U.S. envoy's remarks

YOMIURI (Page 6) (Full)
July 25, 2009

The following is a gist of testimony given by U.S. Ambassador-designate to Japan Roos in a congressional hearing for his confirmation.

Japan-U.S. alliance

If my designation is confirmed, I will give it my best to strengthen and expand ties between Japan the United States. The Japan-U.S. security alliance is the cornerstone of security in the Asia-Pacific region. In addition to security issues in Iraq and Afghanistan, I will work with Japan on such global issues as climate change and energy security. I will continue close consultations on North Korea.

Lower house election, Japan-U.S. relations

I've heard many things about differences between the Democratic Party of Japan (Minshuto) and the current government. However, the U.S. government has deep ties with the two parties (i.e., the Liberal Democratic Party and the DPJ), so whichever party may come into office, our relationship will continue. There will be no fundamental change in the alliance between Japan and the United States. It's true that the DPJ has indicated its standpoint (for a more equal relationship between the two countries). In the past few days, however, such remarks have changed to realistic remarks.

Generally speaking, it is true that the LDP supports the Japan-U.S. alliance and bilateral relations more strongly. Meanwhile, the DPJ has been advocating a more equal relationship while citing Japan's burden sharing of the cost for stationing U.S. forces in Japan and (the Maritime Self-Defense Force's) refueling activities (in the Indian Ocean). After the election, however, the DPJ would also support the rock-solid alliance and such policies would gradually change.

6) North Korea sounds out U.S. about direct talks in bid to avert pressure; U.S. remains cautious

SANKEI (Top play) (Full)
July 26, 2009

Takashi Arimoto, Washington

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North Korea, which is at loggerheads with the United States over its ballistic missile launches and missile tests, has sounded out the

United States about direct talks via its diplomatic mission to the United Nations in New York, which is commonly called the New York channel. This was revealed by July 25 by U.S. government and other sources. Given a growing international net encircling North Korea, as see in the adoption of a sanctions resolution by the UN Security Council, the North seemingly is aiming at averting pressure by conducting talks with the United States.

According to U.S. government and other sources, there are strong cautious views in the government, although some are saying that the call from North Korea should be taken seriously. The reason is because President Barack Obama has made it clear that Washington will not give rewards easily, while calling for a return to the Six-Party Talks on the DPRK's nuclear issue.

Secretary of State Hillary Clinton, too, has announced that the U.S. government is ready to make a comprehensive proposal to the North, including the normalization of diplomatic ties. But that is based on the North's promise to dismantle its nuclear programs in a complete and irreversible manner.

The DPRK conducted its first nuclear test in October 2006, but it returned to the Six-Party Talks in December that year. As a result, the United States relaxed its financial sanctions.

Another source took this view about the DPRK's call for talks: "The step is probably based on the fact that it succeeded in avoiding pressure the last time. The North thinks Washington will respond to the call partly because the question of the release of the two American journalists who have been detained in the North."

Secretary Clinton has recently indicated the North is acting out like unruly teenagers and the North retorted that she is by no means intelligent. The two countries have been trading verbal jabs. Balbina Hwang, who served as senior special advisor on East Asian and Pacific affairs under the former Bush administration, commented: "Although the two sides are verbally harsh to each other, I do not think that such will be a hindrance to dialogue."

At the same time, Hwang thinks that even if U.S.-DPRK talks are held, chances are slim for the United States to make compromises on the nuclear issue, saying, "There will be no substantial progress."

7) Government planning rice-development aid to Africa using new strain with high production yield

YOMIURI (Page 2) (Excerpts)
July 26, 2009

The government has decided to begin to develop a new rice strain with a high crop yield in order to provide assistance to Africa for food security. It will develop a strain of rice suitable for Africa's climate and having a high-harvest yield expectation. It also will begin assistance for production and distribution of the rice. There are concerns that constraints in food supplies will hinder the economic growth of newly emerging countries, and securing stable food supplies has become a challenge for Africa with its many poor countries. The government plans to provide assistance a total of approximately 20 million dollars (approximately 1.9 billion yen) over the next five years.

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Japan in 1994 was successful in developing a rice strain for Africa, combining rice strains used for cultivation in Asia, which was suitable for cultivating in those countries where there was disease and drought. In 1999, the rice strain was named "Nerika" rice. The new rice strain is planned to be developed by combining high-crop yielding Asian wet rice and African dry rice. The aim is to develop it within five years.

The government will develop the rice in cooperation with the Africa-based international organization, African Rice Cultivation Center, and the Philippine-based International Rice Cultivation Institute.

8) Zushi mayor to approve additional housing for U.S. forces at Ikego

YOMIURI (Page 1) (Full)
July 27, 2009

The government is proposing a reversion of landed property of about 40 hectares on the premises of the U.S. military's Ikego housing area straddling the cities of Zushi and Yokohama in Kanagawa Prefecture on condition that the two cities cooperate on its plan to build additional housing for 700 units. On this proposal, Zushi Mayor Ryuichi Hirai has decided to respond to consultations premised on his approval of additional housing construction. Hirai will clarify this decision in a plenary meeting of the city's municipal assembly today. The city will change its consistent opposition to the plan basically agreed on between Japan and the United States in 2003. If the city decides to accept the proposal, the Ikego problem, which has seen twists and turns since the 1980s, will make substantial headway.

The additional housing is planned to be constructed in an area of Yokohama City. However, Zushi City has not responded to consultations, claiming that it is against a 1994 three-party agreement of the government, the prefecture, and the cities to the effect that no additional housing will be constructed on the site.

On July 22, however, the government came up with a plan, including its offer to return a plot for a greenery park, which Zushi City brought up as a precondition when it accepted the housing construction in 1984. In addition, the government's plan also includes returning the hinterland called the "Ikego-no-Mori" grove. Hirai therefore judged that the city was now ready to enter into consultations, saying, "The government's offer is more than what we requested when we accepted the housing construction in 1984."

According to a Zushi official, the city, in its consultations with the government, will request the government to: 1) promise not to build additional housing in the future; 2) give fiscal preference to the city when the land is transferred to the city after it is returned from the U.S. military to the government; and 3) increase the amount of base subsidies. The city will preserve the grove to be returned and will open it as a nature park for local residents and U.S. military personnel's families.

9) Refueling operations in Indian Ocean: DPJ hints at re-amendment to special measures law

MAINICHI (Page 2) (Full)
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July 25, 2009

Referring to refueling operations in the Indian Ocean by the Maritime Self-Defense Force (MSDF), Democratic Party of Japan (DPJ) Secretary General Katsuya Okada during a press conference on July 24 noted, "If the DPJ takes the reins of government, there might be a possibility of it approving the operations, after making necessary amendments (to the law that serves as the basis for dispatching MSDF vessels)." He thus indicated a possibility of the DPJ approving the continuation of the operation, by re-amending the New Antiterrorism Special Measures Law. The DPJ has already established a stance of approving the continuation of the refueling operations until next January, when the term of the present law expires, switching from its previous stance of opposing the extension of the special measures law. Okada in his statement on the 24th hinted at the possibility of the party approving the continuation of the operations even beyond the present deadline.

Okada was serving as secretary general in 2001 when the special measures law was enacted for the first time. He indicated his party's stance that it would be possible to approve the operations provided that the Diet gives prior approval, stressing: "At the time the DPJ maintained that the law lacked a requirement for Diet approval. We did not actually oppose the sending of SDF vessels." As for the reason that the DPJ opposed the present law, Okada pointed out, "The current operation in the Indian Ocean is a U.S. operation."

The situation has changed significantly from the time the law was enacted."

10) DPJ "blueprint for the government": Policymaking by the national strategy bureau

Sankei (Top play) (Full)
July 27, 2009

The blueprint for the government that the Democratic Party of Japan (DPJ) is including in its manifesto (campaign pledges) for the House of Representatives election was revealed on July 26. Its main feature is the creation of a new "national strategy bureau," staffed by both bureaucrats and private sector personnel and reporting directly to the prime minister, to highlight the shift from bureaucrat-controlled policymaking to a policy process led by politicians. The national strategy bureau will not only formulate the basic policies for the budget, but will also draw up mid- and long-term national visions on foreign and security policy. The administrative vice ministers' meeting, which has been criticized for lack of substantial function, will be abolished. Meanwhile, toll free expressways, one of the major policies in the manifesto, will be implemented, excluding the Shuto and Hanshin Expressways for the time being.

The blueprint for the government will be the centerpiece of the manifesto to be issued on July 27. This will be published along with pledges in five policy areas, including pension and medical services and regional autonomy, and miscellaneous policy issues.

The DPJ envisions creating a national strategy bureau under the prime minister, aiming at a budget formulation process led by the politicians and not by the current method of simply adding up budget requests from the ministries. At present, the basic policy for budget formulation is determined by the government's Council on Economic and Fiscal Policy (CEFP), which also has private sector

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members, while the taking of minutes and other administrative matters are handled by the Cabinet Office.

If the DPJ takes over the administration, the national strategy bureau will be staffed by similar numbers of bureaucrats and private sector personnel, and the new bureau will work toward budget formulation under the leadership of the Prime Minister's Official Residence.

The administrative vice ministers' meeting, where the topics to be taken up at cabinet meetings are coordinated in advance, is regarded by the DPJ as the symbol of bureaucrat-controlled politics, and the party has strongly advocated its abolition.

In a street corner speech in Niigata City on July 26, President Yukio Hatoyama said: "(Policies) are made by the ministers at cabinet meetings only in form. They are formulated at the vice ministers' meeting. The fact that the administrative vice ministers make all the decisions is a big mistake."

The manifesto will also provide for dispatching over 100 ruling party Diet members to serve in the government as ministers, senior vice ministers, parliamentary secretaries, and assistants to ministers to strengthen political control. In addition, a new "administrative renovation council" consisting of local government officials and private sector experts will be created to eliminate wasteful spending by the ministries, check the ministries' budgets, and review national government projects.

In addition, with regard to toll free expressways, which the DPJ regards as a measure to invigorate the regional economy, the manifesto will only say that expressways will be "toll free, in principle," excluding the Shuto and Hanshin Expressways from this policy.

11) DPJ manifesto designed to determine basic strategies directly under Prime Minister and to abolish Council on Economic and Fiscal Policy

Democratic Party of Japan (DPJ) President Yukio Hatoyama is set to announce today the party's manifesto (campaign pledges) for the Aug. 30 House of Representatives election. The manifesto specifies five pledges, including the elimination of wasteful spending and bureaucrats' amakudari (golden parachuting) practice. As part of the government's organizational reform after taking power, the party also plans to establish a national strategy bureau directly under the Prime Minister to determine the state's budgetary framework and foreign policy, as well as an administrative reform council to clarify wasteful spending. The Council on Economic and Fiscal Policy will be abolished. The DPJ plans to submit related bills to the Diet in the extraordinary session in the fall.

The five pledges are: (1) wasteful spending, (2) childrearing and education, (3) pension and medical services, (4) regional autonomy, and (5) employment and the economy. The manifesto also includes a roadmap showing priority policies to be implemented beginning in fiscal 2010 and funding sources.

A Hatoyama administration's policy platform also presents five

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principles, including one to build a system in which lawmakers exercise their leadership instead of dumping matters on the lap of bureaucrats. Also included in the platform are five policies, including one to place some 100 lawmakers at government offices to exercise their leadership in making plans, adjustments, and decisions on policies.

The national strategy bureau will be composed of private-sector members appointed by the Prime Minister and of officials from government ministries and agencies. The budget compilation system is to be reformed into one in which the budget is allotted to priority policies, such as a child allowance and the elimination of the provisional gasoline tax rate, on a priority basis under the leadership of the Prime Minister, and then for the Finance Ministry Budget Bureau is to coordinate details with each government office.

The DPJ eyes a lawmaker-led top-down decision-making system by putting an end to the bottom-up approach. Further, challenges and policies straddling several ministries and agencies are to be worked out at theme-specific cabinet committee meetings by ministers concerned.

12) DPJ President Hatoyama would end vice-ministerial conferences

MAINICHI (Page 2) (Excerpt)
July 27, 2009

Democratic Party of Japan (DPJ) President Yukio Hatoyama, in a street-corner speech in Niigata City yesterday, clarified his views about ending the meetings of administrative vice ministers, the top officials in the ministries and agencies, should there be a change in government. Such conferences are held prior to meetings of the prime minister and the cabinet and by the prior coordination of the vice ministers, policy is in effect set in these meetings. His aim is to move toward political leadership, since the cabinet has become ossified. The same day, Hatoyama stressed to the press corps at another location in Niigata Prefecture: "One of the main culprits is the creation of policy by bureaucrats."

13) Opposition parties react fiercely to Aso's gaffe about elderly

TOKYO SHIMBUN (Page 2) (Excerpts)
July 27, 2009

Prime Minister Taro Aso delivered a speech on the night of July 25 at a Liberal Democratic Party's (LDP) politics and economics seminar in Sendai, which he visited as the first destination of his campaign tours after the House of Representatives was dissolved. Prior to this, he made a verbal gaffe in Yokohama, saying: "Elderly people believe they have no talents other than working," evoking strong

reactions from opposition parties.

At the outset of the speech, Aso apologized for the ongoing internal disarray in the LDP, remarking: "We caused trouble for people, party members, and party friends." He then played up such achievements as the economic stimulus measures, including the compilation of four supplementary and other budgets, and said: "I cannot relinquish my duties until we can be sure that the economy is back on a recovery track," seeking support for the party's policy results.

But Aso's earlier controversial remark invited strong criticism. Democratic Party of Japan President Yukio Hatoyama claimed: "Elderly

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people are free to choose (whether or not to work)." Japanese Communist Party leader Kazuo Shii called the remark an "insult" to elderly people.

Bearing these critical comments in mind, Aso had to provide an explanation at the seminar: "I meant to say that providing workplaces for healthy elderly people would lead to an active and bright society. But my remark caused a misunderstanding."

Aso said in Yokohama: "More than 80 PERCENT of those aged 65 years or older need no nursing care. These people believe they have no talents other than working. It would be too late to learn to play after the age of 80. If elderly people can work, they will not be pension recipients but will be taxpayers."

14) Tokyo Bus Association official solicited member bus firms for employees to join LDP, pay membership fees

MAINICHI (To Play) (Abridged)
July 27, 2009

The chief of the general affairs department at the Tokyo Bus Association (President Nobuo Murakami) asked its member bus companies under the name of the association to have their employees join the Liberal Democratic Party and to pay their membership fees. The association receives approximately 15 billion yen in subsidies from the Tokyo Metropolitan Government annually as a public corporation under the jurisdiction of the Land, Infrastructure, and Transport Ministry's Kanto District Transport Bureau. In response to this request, several bus companies illegally paid membership fees for their employees. Although there is no particular law that bans such an act, an expert commented: "Organizations that receive state subsidies are required to take a neutral political stance, so this act violates the Political Funds Control Law."

According to data obtained by the Mainichi Shimbun, the department chief sent copies of a document titled "Details on the payment of LDP member dues" to each company's contact person under the name of "the chief of the general affairs department at the Tokyo Bus Association as a responsible official" in late November every year. The department chief also enclosed a list of the names of those who paid the fees in the previous year and asked the companies to pay the fees for the listed employees (4,000 yen as the annual membership fee and 2,000 yen as the family member's fee). The letter also called on the companies to collect more members.

The companies that responded to the request put the names of their several to about 10 employees down as members every year. Persons involved in this case said that the association began to make this request more than 10 years ago.

The Political Funds Control Law prohibits donators from make political donations (including party fees) under different names, so the act of companies paying their employees' party member fees is in violation of the law.

The department chief in question used to be an official of the Land, Infrastructure and Transport Ministry. He said: "I took over this duty from my predecessor in 2005." According to his explanation, he received pay dues for about 40 employees from a slightly more than 10 bus companies. But asked about whether several companies had paid their employees' fees, he replied he did not know.

15) "Hereditary candidates" total 171 in the Lower House race, with the LDP making up 114 or 70 percent of them; Even the DPJ which wants to limit such candidates has 34

MAINICHI (Page 2) (Excerpt)
July 27, 2009

Among the some 1,252 candidates running for the House of Representatives in the election on August 30, hereditary candidates, who included those whose fathers or mothers were lawmakers, consist of at least 171, or about 10 PERCENT of the whole, according to the Mainichi Shimbun's survey (as of July 26). Of those, approximately 70 PERCENT or 114 candidates are from the Liberal Democratic Party (LDP), and even the Democratic Party of Japan, which has a restriction policy in effect, has 34 candidates.

16) New Komeito distancing itself from "Aso LDP" to avoid common ruin

TOKYO SHIMBUN (Page 2) (Full)
July 26, 2009

New Komeito President Akihiro Ota has underscored policy differences between his party and the Liberal Democratic Party (LDP) in his campaign speeches across the nation for the upcoming House of Representatives election. The party's strategy apparently is to demonstrate its stance of distancing itself from the Aso administration and to avoid common ruin with the administration, to which a strong adverse wind is blowing, in a bid to maintain its current 31 seats.

On July 24, the first day of his campaign tour, Ota stood with former secretary general Tetsuzo Fuyushiba in front of JR Amagasaki Station in Hyogo Prefecture and emphasized: "The New Komeito's policies are consistent. It is only the New Komeito that has been making efforts with the public, based on a consistent, realistic policy stance." He seems to be aiming to underscore that his party's stance was different from Prime Minister Aso's "inconsistent stance."

The New Komeito at the outset of its policy manifesto for the next general election puts forth "the realization of clean politics" and stresses the need to tighten the penalties against acts in violation of the Political Funds Control Law. The target is Democratic Party of Japan President Yukio Hatoyama, whose false donation statements came to light recently, but the New Komeito is also willing to underscore its differentiation from the LDP, which has also been always dogged by politics-and-money scandals.

The New Komeito had defended Prime Minister Aso, but in the wake of the LDP's devastating defeat in the Tokyo Metropolitan Assembly election, the party in order to survive in the Lower House election has begun to judge it should avoid coming under severe public criticism with the Aso-led LDP.

Ota stressed progress has been made in the relationship of trust with the LDP, but if the junior coalition party gives priority to desperately defending its current Diet seats, such a stance might have some effect on the New Komeito's electoral cooperation for LDP candidates.

17) Japan Sharyo looking into manufacturing rail cars in U.S.

MAINICHI (Page 2) (Full)
July 25, 2009

Japan Sharyo under the umbrella of JR Tokai, the Nagoya-based largest manufacturer of rail cars, such as Shinkansen bullet train cars, in Japan on July 24 revealed that it is looking into producing

rail cars in the U.S. The company wants to enhance the profitability of its rail car manufacturing business directed at regional railroad companies in the U.S., by establishing a local production system. Steady orders can be expected from U.S. regional railroad companies. The U.S. railroad market is expected to grow due to the high-speed railroad network consolidation program costing 8 billion dollars in total (approximately 768 billion yen), which the Obama administration proposed as a new fiscal policy "Green New Deal." The company will aim to expand business in the U.S., by taking orders for Shinkansen bullet train cars.

The U.S. headquarters of the company is located in Illinois. The company intends to swiftly investigate construction sites and the timing for setting up a local plant. Kawasaki Heavy Industries is another Japanese manufacturer that operates a rail vehicle plant in Nebraska. Japan Sharyo will advance into the U.S., following the lead of Kawasaki Heavy Industries.

Japan Sharyo at present sells double-deckers for trams and subway vehicles in Los Angeles. It exports parts to the U.S. and a local manufacturer assembles the vehicles on consignment. The challenge in expanding business into the U.S. will be to reduce production costs. The company believes that local production will cut the costs of the transportation of parts from Japan, raising profitability.

18) Jobless rate to reach well above 5 percent level, according to private-sector economists

TOKYO SHIMBUN (Page 1) (Full)
July 26, 2009

A survey conducted by the Economic Planning Association (EPA) under the jurisdiction of the Ministry of Economy, Trade and Industry, found on July 25 that private-sector economists have projected that as the employment situation worsens the nation's jobless rate will rise to the worst-ever well above 5 PERCENT level from this fall through the end of the year.

Though the economy has climbed out of the worst phase, the sluggish employment situation is delaying the recovery of income and consumption. If companies press ahead with a further reduction in force or constraining new recruits, anxieties over employment could mount again. Employment measures will be one of the top agenda items for the next administration to be launched after the end-of-August Lower House election.

The survey by the EPA, carried out from June 25 through July 2, directing at 40 economists, elicited responses from 36.

According to the results of the survey, economists projected the average jobless rate in three months from October through December at 5.56 percent, while such a rate in May stood at 5.2 percent. The worst monthly unemployment rate to date is 5.5 percent marked in April 2003. Chances are that the worst record will be renewed in the

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October-December quarter.

Pollees estimated that the jobless rate will rise to 5.66 percent on average in the April-June quarter in 2010. The rate will continue to hover around the high level of above 5 percent until the October-December quarter in 2010.

The average unemployment rate for the fiscal 2010 estimated by economists was 5.55 percent. Approximately 20 PERCENT of the pollees predicted that the jobless rate would rise to the 6 percent level. If the implementation of stimulus measures is delayed or financial instability recurs, the employment situation could further worsen.

The Cabinet Office in its economy and public finance white paper, issued on the 24th, projected that the size of "in-house unemployment," or surplus personnel, would reach up to 6.07 million. There is also concern that if industry circles strictly constrain new recruits, the deterioration in the unemployment situation among young people would become a social problem, as a former senior

Cabinet Office official said.

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